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Direct Dial: 020 7901 7017

National Grid Company

3 March 2005

Our Ref: LN

Dear Colleague,

**Amendment to the SO-TO Code - Direction in relation to Ofgem conclusions on the treatment of embedded exemptable large power stations (EELPS) under BETTA**

On 22 February 2005, Ofgem<sup>1</sup> published its conclusions<sup>2</sup> ('the EELPS code changes conclusions') following the Ofgem/DTI consultations<sup>3</sup> on, among other things, proposed changes to the SO-TO Code (STC) for EELPS.

The EELPS code changes conclusions document concluded that a number of amendments should be made to the STC to ensure that appropriate arrangements are in place between transmission licensees under BETTA and it included legal drafting for changes to the STC to give effect to Ofgem's conclusions.

During the transition period, the Authority is able to direct the system operator, pursuant to standard licence condition B12 (7)(g), to amend the STC to make the changes which are consequent upon changes being made to the BSC, CUSC or Grid Code pursuant to the equivalent provision of standard condition C3 (Balancing and Settlement Code), standard condition C10 (Connection and Use of System Code) or C14 (Grid Code) where such changes are necessary or expedient for the purposes of implementing BETTA.

This letter provides the direction of the Authority to implement the proposed amendments to the STC to give effect to the conclusions as set out in the EELPS code changes conclusions except for and to the extent described below. These changes are consequent on the associated changes to the CUSC and Grid Code.

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<sup>1</sup> Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000. The terms "Ofgem" and "the Authority" are used interchangeably in this document.

<sup>2</sup> "Treatment of Embedded Exemptable Large Power Stations under BETTA: Ofgem conclusions on code changes", February 2005, Ofgem 55/05

<sup>3</sup> "Treatment of Embedded Exemptable Large Power Stations under BETTA - An Ofgem/DTI Mini Consultation Document", July 2004, 161/04; "Treatment of Embedded Exemptable Large Power Stations under BETTA: An Ofgem/DTI conclusions and further consultation document", November 2004, 253/04, and "Treatment of Embedded Exemptable Large Power Stations under BETTA: An Ofgem conclusions and consultation on Code Changes. January 2005, #12/05.

## **The Authority's direction**

Having regard to the above and for the reasons set out in the EELPS code changes conclusions, the Authority, in accordance with Condition B12 (7) (g) of the electricity transmission licence granted to NGC under Section 6 of the Electricity Act 1989 (the "Transmission Licence"), hereby directs NGC to amend the STC as set out in Ofgem's EELPS code changes conclusions document, except in relation to the amendment to Section I of the STC which shall be as follows:

### **"14. TRANSITIONAL PROVISIONS IN RELATION TO LARGE POWER STATIONS**

14.1 Each Transmission Owner who has in force at 15 December 2004 an agreement for use of the Transmission Owner's transmission system with a person who owns or operates a Large Power Station shall use its best endeavours to procure that such persons shall accede to the CUSC Framework Agreement.

14.2 In paragraph 14.1, "Large Power Station" has the meaning given in the CUSC."

The reason for this departure to the amendments set out in the EELPS code changes conclusions is because those conclusions introduced 2 paragraphs numbered 14.1, and the correction has been made to re-number the second of those paragraphs to 14.2.

The Implementation Date for these proposed amendments is <sup>4</sup> March 2005.

In accordance with Condition B12 (7)(g) of the Transmission Licence, NGC shall amend the STC in accordance with this direction of the Authority, in addition to any associated consequential page numbering or formatting changes.

If you have any questions, please contact me on the above number.

Yours sincerely,



**David Halldearn**

**Director, Scotland and Europe**

Signed on behalf of the Authority and authorised for that purpose by the Authority